Decline in net profits of commercial banks

† 2443. SHRI P.K. MAHESHWARI: Witt the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to 11.3 per cent decline in banks' net profit, as per a report of the RBI;

(b) if so, the reasons for the decline in scheduled commercial banks' net profit during 2000-2001 and 2001-2002; and

(c) the guidelines issued by Government to stop decline in profit of the banks in future?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Yes, Sir.

(b) The primary reasons for the fall in net profit of public sector banks during the year 2000-01 were higher provisioning requirement on their non-performing assets (NPAs) and increase in expenditure on account of VRS. The banks arc yet to finalise their annual accounts for the year 2001-02.

(c) Reserve Bank of India (RBI) and Government of India have advised the banks to take several steps to increase their profitability which include, rationalising their staff strength and branch network, abolition of zonal offices, reduction of NPAs, lowering of cost of deposits and operations and increasing their productivity.

Increase in limit on market borrowing by States

2444. SHRI RAMA MUNI REDDY SIRIGIREDDY: Will the Minister of FINANCE be pleased to state:

(a) whether there is any proposal before Government to allow the States to borrow more lhan the present limit from the market; and

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† Original notice of the question was received in Hindi.